

TESTIMONY SUBMITTED TO THE BANKS COMMITTEE
February 19, 2013

Commissioner Howard F. Pitkin
Department of Banking

HB 6355, An Act Concerning Homeowner Protection Rights

Good afternoon Chairman Leone, Chairman Tong and members of the committee. My name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking. I am here to testify in favor of ***House Bill 6355, An Act Concerning Homeowner Protection Rights***.

This proposal is designed to implement certain changes and new protections related to the foreclosure actions occurring in Connecticut's court system. I will outline the major aspects of the legislation. The bill would require plaintiffs to mediate in good faith or face certain judicial sanctions or fines. Mediators will be empowered to recommend appropriate sanctions to the judge.

The bill would define the term "good faith" as the following: compliance with federal and state laws; compliance with mortgage related settlements; providing advance notice if additional time or documentation is needed; and filing accurate loss mitigation documents with the court.

The proposed bill would require that banks' representatives have full settlement authority to complete the mediation. Sometimes it can take up to six or more meetings for a settlement to be reached. This is far too long and benefits neither the bank nor the homeowner. To that end, mediation cases will be referred to a judge after three sessions, unless the mediator or party, with good cause, asks for the hearing to be postponed. If lenders request a delay, they will be required treat the homeowner's most recently submitted, reasonably compliant financial package as current. The bill would also require the bank to disclose the net present value (NPV) calculation of the subject property.

The bill would require all lenders to notify the town and pay the recording fee each time a mortgage is sold off. This action would result in a revenue gain for the municipality and state and will make it easier for homeowners to know who owns their mortgage. The bill would also attempt to fast track abandoned properties by shortening the foreclosure timeline in situations in which a property is abandoned and vacant.

I feel this bill, if enacted, will serve the Governor's intent to "get to yes or no quicker" in the mediation program. It is vital that Connecticut resolve the foreclosure issue for ALL parties. I hope it will encourage discussion of an important issue affecting all the citizens of Connecticut. Thank you for your attention to this matter and I am happy to answer any questions you may have.